

Special Assistance Guidance Manual

For the National School Lunch and Breakfast Programs

Provision 2 and 3



2003-2004

ARIZONA DEPARTMENT OF EDUCATION

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Superintendent of Public Instruction

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What is Special Assistance?







Congress incorporated into Section 11(a)(1) of the Richard B. Russell National School Lunch Act, three alternative Provisions to the traditional requirements for determining eligibility for free and reduced-priced school meals and daily meal counts by type. Under the National School Lunch or School Breakfast programs, these Provisions, commonly known as Provisions 1, 2, and 3 reduce paperwork and meal count burdens for schools that have high free and reduced participation eligibility. Although there are three provisions, the focus of this manual is Provisions 2 and 3, because of the narrow scope of Provision 1. For information on Provision 1, see Appendix B.

The Arizona Department of Education (ADE) put this manual together to help you determine which, if any, provision your school should adopt. Each section provides general information on each provision. For more detailed descriptions of each provision, you can view the ADE website, www.ade.az.gov/health-safety/cnp/nslp or the USDA website, www.fns.usda.gov/cnd/Lunch/Prov1.2&3.





Do I Qualify?

You must have these requirements met before you can be approved to participate in either Provision 2 or 3.

-  Participate in the National School Lunch Program (NSLP) for a minimum of two consecutive years prior to applying for Special Assistance.
-  Establish a reliable income application approval and meal count system, as determined by an administrative review within the past year; or request a review from your assigned NSLP specialist.
-  Must amend Free and Reduced Price Policy Statement (see Appendix H) when there is a significant change in free and reduced price policy and re-submit to ADE to gain approval.
-  Submit and gain approval of Special Assistance Application.

How Do I Get Started?





First Steps

-  Use the spreadsheet "Can I Afford To Switch?" on page 18 provided to help you calculate all costs associated with producing and serving meals. Compare the costs to the projected revenue expected from Federal reimbursement. Be sure to calculate the cost savings from reduced clerical work, as well as food and labor costs.
-  Review the sections on each Provision and select the appropriate Provision for your site.
-  Although there is no threshold for schools to participate, a very high percentage of students eligible for free and reduced price meals is recommended to cover loss of money from the students who will no longer be paying for reduced and paid lunches. The School Food Authority must absorb revenue loss.
-  Evaluate potential profit/loss on projected increases in participation in the National School Breakfast or Lunch Programs.








Obtain District Consensus

You must contact these individuals and provide information on Special Assistance:

-  Principal/Administrator/Superintendent/Business Manager
-  School board (need approval to go non-pricing)
-  NSLP specialist
-  Parents (let parents know of the plan when you begin your base year)

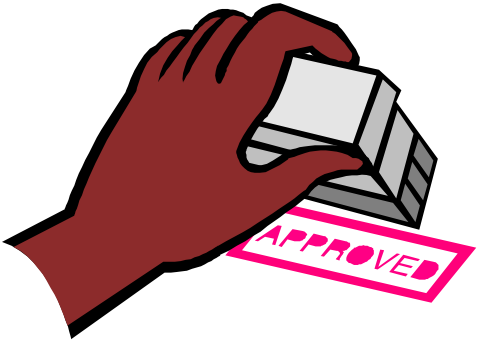
Application Process

-  Complete the Special Assistance application (Appendix C)
-  Send application to your NSLP Specialist for approval
-  Make sure you list all participating schools
-  Update your CNPWeb application
-  If you have any questions call your NSLP specialist for assistance.

Approval Process

Your NSLP Specialist reviews your application and assesses the reliability of your meal counting and claiming system, either from a successful administrative review in the past year, or in an administrative review conducted in the current year.

Once approved, your NSLP Specialist will help you determine which year to use as your base year.



What is Provision 2?

Overview



Provision 2 reduces application burdens and simplifies meal counting and claiming procedures. It allows schools to establish claiming percentages and to serve all meals at no charge for a 4-year cycle.

The school must serve all meals to all participating children at no charge for a period of 4 years. During the first year, or base year, the school makes eligibility determinations and takes meal count by category (free, reduced, paid). During the next 3 years, the school makes no new eligibility determinations and counts only the total number of reimbursable meals served each day. Reimbursement during these years is determined by applying the percentages of free, reduced price and paid meals served during the base year to the total meal count for the claiming month. The base year is included as part of the 4 years.

At the end of each 4-year period, ADE may approve 4-year extensions if the income level of the school's population remains stable compared to the base year.




Schools electing this alternative must pay the difference between Federal reimbursement and the cost of providing all meals at no charge. The money to pay for this difference must be from sources other than Federal funds.

Provision 2 has been an option for schools since publication of regulations in 1980.








Requirements

Base Year




-  School provides meals at no charge to **all** students
-  School collects income applications and direct certification forms, determines eligibility, and conducts verification.
-  School counts **by category** the number of meals served at the point of service daily.



Next 3 Years

-  School provides meals at no charge to **all** students.
-  School **does not** collect applications, determine eligibility, or conduct verification.
-  School counts the **total** number of meals served at the point of service daily.
-  Claim reimbursement is determined by category using base year percentages.
-  If the cost of providing all meals at no charge is greater than the total of Federal and State reimbursements, this difference must be paid from sources other than Federal funds.

Determining Eligibility

-  Send a non-pricing parent letter (Appendix C) and income application (Appendix E) to parents of all students at the beginning of the base year. You do not need to collect eligibility documentation for the next three non-base years. May choose to carry over prior year's eligibility status for first 30 operating days.
-  Children matched through the direct certification process are automatically approved for free meals in the base year.
-  Verification of applications for free and reduced-price meals applies in the base years only.

For more information, see the Free and Reduced Price Policy Handbook, available to download on the ADE website under Guidance Manuals: www.ade.az.gov/health-safety/cnp/nslp

Training



All schools participating in the Special Assistance programs are required each year to attend one of the two workshops offered by ADE. In base years, you must attend the Business Track workshop, which covers meal counting and claiming procedures. If you are in the first non-base year, you must attend the Special Assistance non-base year workshop. To register for these workshops go to

<http://www.ade.az.gov/online-registration/>.

Delayed Implementation (Optional)

Over the years concerns were expressed that there is no incentive for households to submit applications when meals are offered at no charge. Delayed implementation allows Provision 2 schools to begin a school year using traditional meal counting and claiming procedures, including charging participating students for reduced price and paid meals in the **first claiming period** of the base year. The first claiming period does not mean the first 30 operating days, or the first "month".

First or Last Claiming Period

Generally, you have to file claims for reimbursement for meal services provided in each month. However, if the first or last month of program operations for any school year contains 10 operating days or less, you can combine that month with a claim for reimbursement for the next month.

For example, if your school starts mid-August with 8 operating days and there are 15 operating days in September, these two months could be considered as the first claiming period (a total of 23 operating days).

June and July claims cannot be combined for reimbursement due to July 1 being the new program year. September and October claims cannot be combined for reimbursement due to October 1 being the new federal fiscal year.

Claiming Reimbursements

During the base year, standard claiming procedures are used. Count meals at the point of service by eligibility category and submit your claim online for reimbursement. Based on USDA guidelines, ADE determines the percentages of free, reduced price, and paid meals served during the base year.

In the next three non-base years, count only the total number of meals served, instead of counting meals by eligibility category. Reimbursement is determined by applying the base year percentages to the next three non-base years' total meal counts to determine reimbursement.

Calculating Meal Counts and Reimbursement



During the base year, school must count meals by category served daily at the point of service. Daily edit checks of meal counts must be completed as usual. These monthly totals, by category, are converted to monthly percentages (rounded to a minimum of two decimal places) for calculating reimbursement throughout the cycle until the next base year.

Do not consolidate this information with other sites within the same base year. Each site needs to record information separately for breakfast and lunch on the claim for reimbursement. However, you must keep individual site eligibility information and meal counts by category on file.

In the non-base years, schools must count the total number of meals served daily at the point of service. The only daily edit check required is current enrollment, times the attendance factor, times the number of serving days compared to total meal count.

Example:

1. Lunches claimed by category in September 2002 (base year):

Free	880
Reduced Price	60
Paid	160
Total	1,100

2. Calculate percentages of lunches by category:

Free	$880 \div 1100$	= .800
Reduced Price	$60 \div 1100$	= .055
Paid	$160 \div 1100$	= .145
Total		1.00

Calculating Claims in the Non-Base Years

Use the previous information calculated in the base year.

Total lunches served in September 2003 (first non-base year): 1,240

Multiply category percentages from base year with current school year total meal count:

Free	$.800 \times 1240 =$	992
Reduced Price	$.055 \times 1240 =$	68
Paid	$.145 \times 1240 =$	180
		1,240

Not only can you use this method for taking meal counts in the non-base years but also in the first claiming period in the next base year, after completing one complete 4-year cycle, provided it does not exceed 30 operating days.

Annual Claiming Percentages

Previously, schools had to use the base year meal counts and develop monthly claiming percentages for free, reduced, and paid. These percentages were then applied to the total meal counts for each corresponding month in the non-base years.

Now, annual claiming percentages are an option for Provision 2 allowing schools to develop an annual claiming percentage for each meal category which are applied to each month's total meal count during the non-base years.

To determine annual claiming percentages, each month's lunch counts for each meal type are added together and claiming percentages are calculated. The free lunch percentage is derived by dividing the annual total number of reimbursable free lunches served by the annual total number of reimbursable lunches served for all meal types. The percentages for the reduced price and paid lunches are calculated using the same method as for free lunches.

If ADE approved delayed implementation, the first claiming period of the school year is not considered to be a part of the base year.

Example:

Total meals claimed for the year:

Each month's total meal count added together = 250,000 meals

Free claiming percentage calculation for the year:

Total free meal counts for the year 175,250

$175,250 \text{ free meals} \div 250,000 \text{ total meals} = .701 \text{ or } 70.10\%$

Reduced price claiming percentage calculation for the year:

Total reduced price meal counts for the year 45,500

$45,500 \text{ reduced price meals} \div 250,000 \text{ total meal} = .182 \text{ or } 18.20\%$



Paid claiming percentage calculation for the year:

Total paid meal counts for the year 29,250

$29,250 \text{ paid meals} \div 250,000 \text{ total meals} = .117 \text{ or } 11.70\%$




Confirm the claiming percentages: $70.10\% + 18.20\% + 11.70\% = 100\%$

If the total does not equal 100%, make an adjustment to the paid claiming percentage to make the total equal 100%. Apply these claiming percentages to each month's total meal count during the non-base years of the cycle and approved extensions.

Extension Procedures

Following the initial 4-year cycle, Provision 2 sites must establish a new base year, *unless* ADE grants an extension.

The ADE can grant an extension for Provision 2 after they have reviewed and evaluated the socioeconomic data submitted by the SFA to ensure that it:


-  Reflects the school's population
-  Provides equivalent data for both the base year and the last year of the current cycle
-  Demonstrates that the income level of the school's population, as adjusted for inflation has remained stable, declined, or has less than a 5% improvement


Preapproved socioeconomic data includes: local data collected by the city or county zoning and economic planning office; unemployment data; local Food Stamp certification data, including direct certification; FDPIR data; statistical sampling of the school's population using the application data; and TANF data.

SFAs who receive an extension must retain records of the socioeconomic data used to determine the income level of the school's population for the base year and the years in which extensions were made. You may continue to be granted an indefinite number of extensions, as long as income level of your school's population has remained the same, declined, or had less than a 5% improvement.

Streamlined Base Year

If an extension is not approved, you may apply to operate a streamlined base year. In a streamlined base year, the school determines program eligibility for a statistically valid sample of all enrolled or participating students.







-  First Option - develop a new set of claiming percentages based on the eligibility of currently *enrolled* students for free, reduced price, and paid meals.

-  Second Option - develop a new set of claiming percentages based on the eligibility of currently *participating* students for free, reduced price, and paid meals.

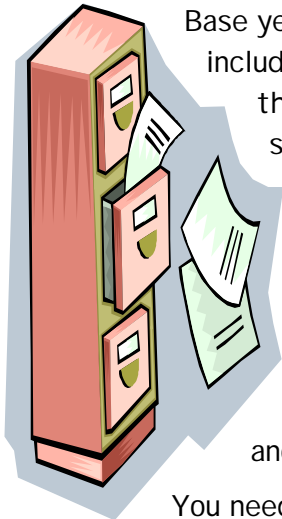
Each of these methods, enrollment based and participation based, allow for the use of statistical sampling. For more information on establishing a streamlined base year, contact your NSLP Specialist.

Change in the School Year



This section addresses several situations in which a change significantly affects the number of meals served, and which would not be reflected in an enrollment adjustment. Contact your NSLP Specialist for further guidance to determine if a school must repeat a base year. Examples include:

-  A site operating five days a week changes to four days a week
-  Two Provision 2 schools merge
-  A Provision 2 school and a non-Provision 2 school merge
-  Going from a traditional school year to year-round schedule
-  A new school draws attendance from various existing schools; some are on Provision 2 while some are not.
-  A new school draws attendance from various existing schools and all are on Provision 2.


Retaining Records



Base year records must be saved during the time Provision 2 is in effect, including all extensions (Appendix F). These records must also be saved for three years after the final claim for reimbursement has been submitted for the last fiscal year, which used the base year data for audit or review purposes. These records include:

-  All records that relate to the base year and support following year's earnings, such as income applications, direct certification data, verification records, and daily meal counts by type.
-  Attendance areas of each school participating in Provision 2, socioeconomic data used for extensions (if applicable), edit checks and on-site review documentation.

You need to keep non-base year records for three years after the final claim for reimbursement for the fiscal year. These records include:

-  Total daily meal counts or reimbursable meals, edit checks, and onsite review documentation.

If base year and non-base year records are not maintained, ADE may take corrective action, including requiring the establishment of a new base year or a return to standard meal counting and claiming procedures.

Adding Sites

If a SFA opens a new site either at the beginning or during the middle of the school year in a non-base year, and wants to have that site participate in Special Assistance, contact your NSLP Specialist for further guidance. An special assistance sponsor application must be completed when additional sites are added.

Changing Your Mind








Any or all sites on Provision 2 may return to the standard method of certification, meal counting, and claiming at any time if it helps you to do so. However, ADE recommends returning at the beginning of the school year to allow time to recertify free and reduced-price eligibility and to implement meal count systems. If the change occurs in the middle of a school year in a non-base year, each site would need to make free and reduced-price eligibility determinations at that time.

The SFA is responsible for notifying parents of the decision and for accepting any consequences of discontinuing the local commitment to provide meals at no cost to students who are not eligible for federal free meal reimbursement.

Changing from Provision 2 to Provision 3

SFAs may change from Provision 2 to Provision 3 during the 4-year cycle without taking new applications and making new eligibility determinations under these conditions:

-  ADE approval
-  Policy statement is updated
-  The base year for determining the level of reimbursement is the initial Provision 2 base year.
-  Base year enrollment data is available
-  The 4-year cycle ends at the same point in time as if the school had not converted.

Visiting Students

A student that is eligible to participate and is visiting a school on an infrequent basis is considered a visiting student.

If a student from a non-Provision 2 school visits a Provision 2 school, the school would not take payment from the visiting students. Meals served to the visiting students would be included as part of the total count of meals served in the Provision 2 school.

If a student from a Provision 2 school visits a non-Provision 2 school within the same school food authority, the school should offer the student a meal at no charge and claim the meal according to the claiming percentages of the Provision 2 school.

If a student from Provision 2 school visits a non-Provision 2 school outside of their school food authority *may* be provided meals at no charge. The Provision 2 school should pay the non-Provision 2 school for the value of any meals claimed at the paid or reduced price rate.

Advantages versus Disadvantages of Provision 2

Advantages	Disadvantages
Collection of applications, eligibility determinations, and verification is waived for 3 non-base years	Difficultly obtaining applications and direct certification forms in future base years.
Increased participation from operating a non-pricing program.	Financial risk due to a loss of revenue from reduced price and paid meals from operating a non-pricing program
Reduced labor costs through simplified certification and meal counting procedures.	
Delayed implementation in first claiming period of base year (optional)	
Annual Claiming Percentages	

What is Provision 3?

Overview

Provision 3 reduces application burdens and meal counting and claiming procedures. It allows schools to simply receive the same level of Federal cash and commodity assistance each year, with some adjustments, for a 5-year period.

Schools must serve meals to all participating children at no charge for a period of 5 years. These schools do not make additional eligibility determinations. Instead, they receive the level of Federal cash and commodity support paid to them for the last year in which they made eligibility determinations and meal counts by type, which is the base year. For each of the 4 non-base years, the level of Federal cash and commodity support is adjusted to reflect changes in enrollment, inflation and operating days. It is the school's option whether to change for reduced price and paid meals during the base year.

At the end of the 5-year period, ADE may approve 4-year extensions if the income level of the school's populations remains stable compared to the base year.

Schools electing this alternative must pay the difference between Federal reimbursement and the cost of providing all meals at no charge. The money to pay for this difference must be from sources other than Federal funds.

Provision 3 has been an option for schools since 1995 through an implementing memorandum.



Requirements

Base Year

- Schools may be pricing or non-pricing. Schools are encouraged to be non-pricing to optimize participation and develop a level of cash and commodity assistance that may be more reflective of participation during future years.
- Schools collect income eligibility applications, determine eligibility, and conduct verification.
- Schools count the number of free, reduced price, and paid meals at the point of service on a daily basis.



Next 4 Years

- School provides meals at no charge to **all** students
- School **does not** collect applications for free and reduced price meals.
- Reimbursement is given at the same level as the school received during the base year, as adjusted annually for enrollment, inflation, and operating days.
- If the cost of providing all meals at no charge is greater than the total of Federal and State reimbursements, you have to pay the difference from sources other than Federal funds.

Determining Eligibility

- You must send an income application (Appendix E), and a pricing or non-pricing parent letter (Appendix C or D) to parents of all students at the beginning of the base year. During the base year, SFAs may operate a pricing or non-pricing program. You must collect and update income applications and direct certification forms throughout the base year.
- Income applications and direct certification forms received in the base year, and corresponding rosters, must be maintained in current files throughout the cycle for review or audit purposes. These records must support the number of students claimed for free or reduced-price meals for each month of the base year.

Training

All schools participating in the Special Assistance programs are required each year to attend one of the two workshops offered by ADE. In base years, you must attend the Business Track workshop, which covers meal counting and claiming procedures. If you are in the first non-base year, you must attend Special Assistance non-base year workshop. To register for these workshops go to <http://www.ade.az.gov/onlineregistration/>.



First or Last Claiming Period

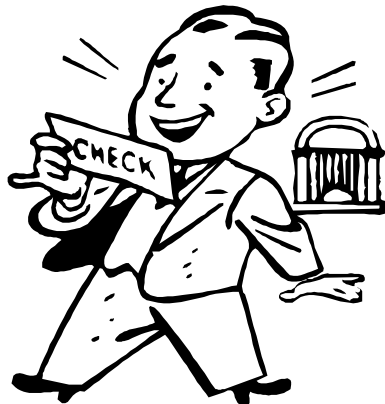
Generally, you have to file claims for reimbursement for meal services provided in each month. However, if the first or last month of Program operations for any school year contains 10 operating days or less, you can combine that month with a claim for reimbursement for the next month.

For example, if your school starts mid-August with 8 operating days and there are 15 operating days in September, these two months could be considered as the first claiming period (a total of 23 operating days).

June and July claims cannot be combined for reimbursement due to July 1 being the new program year. September and October claims cannot be combined for reimbursement due to October 1 being the new federal fiscal year.

Claiming Reimbursements

During the base year, standard claiming procedures are used. Count meals at the point of service by eligibility category and submit for reimbursement. ADE determines the percentages of free, reduced price, and paid meals served during the base year, then applies these percentages to future years' total meal counts to determine reimbursement.



Example:

Lunches served in November 2002 (base year):

Free	4000
Reduced Price	500
Paid	200
Total Meals	4700

Assume there is an enrollment change from October 2001 to October 2002. Adjust for the total student eligible difference from the base year to current (non-base year) by subtracting the total student eligible from each other.

Base year enrollment	500
Current year enrollment	515
Difference in enrollment	(15)
	$15 / 500 = .03$
	$.03\% \times 100 = \mathbf{3\% \text{ increase}}$

For the November 2002 claim, base year meal counts are used and adjusted for enrollment change:

Free	$4000 \times 1.03 = 4120$
Reduced price	$500 \times 1.03 = 515$
Paid	$200 \times 1.03 = 206$
Total Meals	4841




Meal counts in non-base years are required for the monthly claim. Use the non-base year monthly meal counts for edit check and comparison purposes. Only the base year meal count numbers adjusted by change in enrollment will be used to calculate a school's monthly claim.



Extension Procedure

Following the initial 5-year cycle, Provision 3 sites must establish a new base year, *unless* the ADE grants an extension. The ADE notifies SFAs if an extension is granted.

The ADE can grant a 4-year extension for Provision 3 after they have reviewed and evaluated the socioeconomic data submitted by the SFA to ensure that it:



-  Reflects the school's population
-  Provides equivalent data for both the base year and the last year of the current cycle
-  Demonstrates that the income level of the school's population, as adjusted for inflation has remained stable, declined, or has less than a 5% improvement

Preapproved socioeconomic data includes: local data collected by the city or county zoning and economic planning office; unemployment data; local Food Stamp certification data, including direct certification; FDPI R data, and statistical sampling of the school's population using the application data.

SFAs who receive an extension must retain records of the socioeconomic data used to determine the income level of the school's population for the base year and the years in which extensions were made. You may continue to be granted an indefinite number of extensions, as long as income level of your school's population has remained the same, declined, or had less than a 5% improvement.

Streamlined Base Year







If you were denied an extension, you have two options to conduct a streamlined base year.

-  First Option - develop a new set of claiming percentages based on the eligibility of currently *enrolled* students for free, reduced price, and paid meals.
-  Second Option - develop a new set of claiming percentages based on the eligibility of currently *participating* students for free, reduced price, and paid meals.

Each of these methods, enrollment based and participation based, allow for the use of statistical sampling. For more information on establishing a streamlined base year, contact your NSLP Specialist.



Change in the School Year

This section addresses several situations in which a change significantly affects the number of meals served, and which would not be reflected in an enrollment adjustment. Contact your NSLP Specialist for further guidance to determine if a school must repeat a base year. Examples include:

-  A site operating 5 days a week changes to 4 days a week
-  Two Provision 3 schools merge
-  A Provision 3 school and a non-Provision 3 school merge
-  Going from a traditional school year to year-round schedule
-  A new school draws attendance from various existing schools, some are on Provision 3 while some are not.
-  A new school draws attendance from various existing schools and all are on Provision 3.


Retaining Records

Base year records must be saved during the time Provision 3 is in effect, including all extensions (Appendix F). These records must also be saved for three years after the final claim for reimbursement has been submitted for the last fiscal year, which used the base year data for audit or review purposes. These records include:

-  All records that relate to the base year and support following year's earnings, such as income applications, direct certification data, verification records, and daily meal counts by type.
-  Attendance areas of each school participating in Provision 3, socioeconomic data used for extensions (if applicable), edit checks and on-site review documentation.



You need to keep non-base year records for three years after the final claim for reimbursement for the fiscal year. These records include:

-  Total daily meal counts or reimbursable meals, edit checks, and onsite review documentation.

If base year and non-base year records are not maintained, the ADE may take corrective action, including requiring the establishment of a new base year or a return to standard meal counting and claiming procedures.

Adding Sites

If a SFA opens a new site either at the beginning or during the middle of the school year in a non-base year, and wants to have that site participate in Special Assistance, contact your NSLP Specialist for further guidance. An application must be completed when additional sites are added.

Changing Your Mind







Any or all sites on Provision 3 may return to the standard method of certification, meal counting, and claiming at any time. However, ADE recommends returning at the beginning of the school year to allow time to recertify free and reduced-price eligibility. If the change occurs in the middle of a school year in a non-base year, you would need to make free and reduced-price eligibility determinations at that time.

The SFA is responsible for notifying parents of the decision and for accepting any consequences of discontinuing the local commitment to provide meals at no cost to students who are not eligible for federal free meal reimbursement.



Changing from Provision 3 to Provision 2

SFAs may change from Provision 3 to Provision 2 during the 4-year cycle without taking new applications and making new eligibility determinations under these conditions:

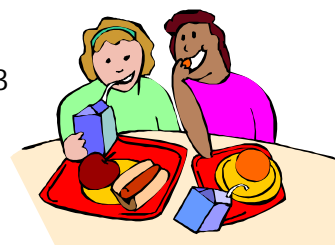
-  All meals were served to participating students at no charge during the Provision 3 base year.
-  ADE approval
-  Policy statement is updated
-  The base year for determining the level of reimbursement is the initial Provision 3 base year.
-  Base year enrollment data is available
-  The 4-year cycle ends at the same point in time as if the school had not converted.

Visiting Students

A student that is eligible to participate and is visiting a school on an infrequent basis is considered a visiting student.

If a student from a non-Provision 3 school visits a Provision 3 school, the school would not take payment from the visiting students. Meals served to the visiting students would be included as part of the total count of meals served in the Provision 3 school.

If a student from a Provision 3 school visits a non-Provision 3 school within the same school food authority, the school should offer the student a meal at no charge and claim the meals according to the claiming percentages of the Provision 3 school.

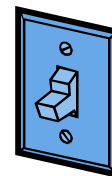


If a student from Provision 3 school visits a non-Provision 3 school outside of their school food authority *may* be provided meals at no charge. The Provision 3 school should pay the non-Provision 3 school for the value of any meals claimed at the free or reduced price rate.

Advantages versus Disadvantages of Provision 3

Advantages	Disadvantages
Collection of applications, eligibility determinations, and verification is waived for 4 non-base years.	Difficulty obtaining applications and direct certification forms in future base years.
Increased participation from operating a non-pricing program.	If you choose pricing in the base year, it will not be representative of future non-base years.
Reduced labor costs through simplified certification and meal counting procedures. May use tray or plate counts to collect daily meal counts.	Financial risk due to a loss of revenue from reduced price and paid meals from operating a non-pricing program
Base year adjusted for enrollment change, number of serving days, and average daily participation.	

Can I Afford to Switch?



When considering whether Provision 2 or 3 will work for your school, you should determine the financial effects of switching to Provision 2 or 3. You can download an Excel spreadsheet to help you with this process. To use this spreadsheet, you enter some financial data about your food service operation and the spreadsheet calculates the financial gain or loss that your school may incur.

You can enter your information in the boxes below and reenter them on the web spreadsheet or you can go directly to the spreadsheet on the Special Assistance section of the ADE website, <http://www.ade.az.gov>. From the website, click Financial Analysis, and then click **Download Tool**. This displays the Excel spreadsheet on your screen and you can begin entering your information. When finished, be sure to save the spreadsheet.



You must have Microsoft Excel version 97 or higher on your PC to use the tool. Follow the onscreen directions to enter your information in the spaces provided.

You may not see the colored boxes on these pages, but you will see them on the website. A green cell indicates a place for you to enter information. A blue cell indicates a place where the spreadsheet displays calculations from the numbers you entered. A red triangle (▼) in the corner of a cell indicates an attached comment that you can view in Excel.

Section A: Annual Revenue from Meals Served

1. Enter your school name in the space provided.
2. Enter the number of serving days in this school year.

1. School Name				
Number of Serving Days in This				
2. School Year				

3. For Sections 3, 4, and 5 enter data from your most recently completed month. For example, if today is February 5, use data from January.

You will use the numbers entered in this section to estimate your increased participation in Part 3.

3. School Site Data	Counts	% Breakfast participation	% Lunch participation
Serving Days For The School Site In The Month			
Average School Site Enrollment			
# of Students Eligible for Free Lunch		#DIV/0!	#DIV/0!
# of Students Eligible for Reduced		#DIV/0!	#DIV/0!
# of Students That Have To Pay	0	#DIV/0!	#DIV/0!

4. Enter the meal counts for the most recently completed month.

Unless you are a single site school district, this information does not come from the claim form but from a worksheet used to compile the figures for the claim form.

4. Meal Count Data For This School Site								
							Average Daily Federal Reimbursement Revenue	Average Daily Student Copay Revenue
Student Breakfast		The Month Counts	Federal Reimbursement Per meal	Student Co- Pay Per Meal				
	Free						#DIV/0!	
	Reduced						#DIV/0!	#DIV/0!
	Paid						#DIV/0!	#DIV/0!
Student Lunch								
	Free						#DIV/0!	
	Reduced						#DIV/0!	#DIV/0!
	Paid						#DIV/0!	#DIV/0!

5. Enter the total amount of a la carte sales for the month you are using. Estimate the total food cost of all a la carte items. You want the gross profit from these sales.

5. Monthly A la Carte Sales to Students Only				a la carte amount					
Total Sales (Revenue)									
Total Food Cost Of Items Sold									
Gross Profit				\$ -					#DIV/0!

6. For sections 6 and 7, the spreadsheet calculates the total average daily revenue and the annual revenue for meals served to students.

6. Total Average Daily Revenue								#DIV/0!	#DIV/0!
								Annual Federal Reimbursement Revenue	Annual Revenue From Students
7. Annual Revenue For Meals Served to Students								#DIV/0!	#DIV/0!

Section B: Annual Cost of Meals Served to Students

For Sections 1, 2, and 3 enter your data for the most recently completed fiscal year. You may have to estimate the food cost for a single breakfast and a single lunch.

1. Enter the average cost per meal in each space.

		Average Cost Per Meal						Annual Raw Food Cost
1. Cost of Raw Food								
	Breakfast							#DIV/0!
	Lunch							#DIV/0!
Total Cost of Raw Food								#DIV/0!

2. Enter the annual cost of labor for your school.

[illegible]

3. Enter the cost per meal for non-food supplies.

3. Other Expenses						Annual Other Expenses
Per Meal Cost of Non Food Supplies						#DIV/0!

4. Enter the amount your school has decided will not be collectible.

Annual Write-offs due to unpaid student charges					
Annual cost of computerized meal count system (only if applicable at school level)					

5. The spreadsheet calculates this information for you.

4. Total Annual Cost of Meals Served to Students										#DIV/0!
5. Net Revenue (Revenue Minus Cost)										#DIV/0!

Section C. Estimates for Provision 2 and 3

From Section A3, you have your current level of participation. Now estimate what you think your increased level of participation will be. The participation should be higher due to the non-pricing operation.

				Participation of Student Eligible to Free Meals	Participation of Student Eligible to reduced Price Meals	Participation of Non Eligible Student	Raw Food Cost
	Estimated % Participation In Breakfast						
	Resulting Meal Count Per Day			0	0	0	0
	Estimated % Participation In Lunch						
	Resulting Meal Count Per Day			0	0	0	0

The system calculates this information for you.

2. Estimated Increase in Annual Cost of Raw Food					#DIV/0!
					#DIV/0!
3. Estimated Increase in Federal Reimbursement					
4. Loss of Copay Revenue					#DIV/0!

Enter the estimated decrease in labor costs. Using Special Assistance eliminates certain tasks, such as application collection and meal counts by category. This should help to decrease your labor expenses.

[illegible]

Estimate your decrease in a la carte sales and your estimated savings on cost of computerized meal count system. The system, using your information, calculates the write offs and net estimate.

[illegible]

Section D. Balance if Provision 2 or 3 is adopted.

D. Balance If Provision 2/3 is Adopted				#DIV/0!
---	--	--	--	----------------

Appendix A - Glossary

ADE	Arizona Department of Education
Administrative Review	Review conducted by Child Nutrition Program staff to assess the adequacy of the eligibility certification process and accuracy of the meal counting and claiming system in the base year.
Annual Claiming Percentages (Provision 2 only)	A school may add meal counts by category for the entire base year and convert to claiming percentages for free, reduced-price, and paid meals. The school then uses the annual claiming percentage for each category for each month of the non-base year.
Base Year	The last school year that applications for free or reduced-price meal benefits were distributed, eligibility determinations were made, and verification was conducted.
Benefit Issuance Document	Link between the eligibility determination and how a meal is claimed for reimbursement.
Child Nutrition Programs	Includes the National School Lunch, School Breakfast, Special Milk Programs, After School Snack, and Summer Food Programs.
Daily Edit Checks	Ensures the number of eligible children do not exceed the meal count for the day.
Delayed Implementation (Provision 2 only)	Enables schools to charge students in reduced price and paid meal categories in the base year for first claiming period only.
Direct Certification	Process of establishing children's eligibility for benefits by obtaining documentation directly from the Department of Economic Security (DES). Households determined eligible for meal or milk benefits through direct certifications are not required to submit a free and reduced-price application to the school; instead they provide the DES notification, titled Free Meals Programs.
FDPIR (Food Distribution	Enables families on certain Indian Reservations who

Appendix A - Glossary

Program on Indian Reservations)	meet Food Stamp income guidelines to receive commodity foods.
Free Meal	Meals served under the National School Lunch Program or School Breakfast Program to a child from a household eligible for such benefits. Neither the child nor any household member can be required to work in the school or in the school's food service to supplement the cost of the meal.
NSLP (National School Lunch Program)	Program under which participating schools operating a nonprofit food service operation receive cash assistance and donated food assistance.
Non-Pricing Program	All enrolled students receive meals at no charge despite their eligibility status. Meals are claimed for reimbursement by the students' eligibility status.
Point of Service Meal Counts	Meals are counted at that point in the food service operation where it can be accurately determined that a reimbursable free, reduced-price or paid meal has been served to an eligible student.
Pricing Program	Charging children eligible for reduced price and paid meals. Only an option for Provision 3 in the base year.
Reduced-Price Meal	A meal served under the National School Lunch or School Breakfast Program to a child from a household eligible for such benefits. The price of this meal MUST be less than the full price of the meal and no more than 40 cents for lunch and 30 cents for breakfast. Neither the child nor any household member can be required to work in the school or in the school's food service to supplement the cost of the meal.
SBP (School Breakfast Program)	Federally assisted meal program operating in schools and institutions. It provides nutritionally balanced, low-cost, or free breakfasts to children each school day.
SFA (School Food Authority)	Governing body responsible for the administration of one or more schools, and either has the legal

Appendix A - Glossary

	authority to operate School Nutrition Programs in these schools or is otherwise approved by the Food and Nutrition Service to operate School Nutrition Programs.
Streamlined Base Year	A streamlined base year is only available when a school has completed at least one standard cycle, and has applied for, and has been denied, an extension. Choice of two options either develop a new set of claiming percentages based on the eligibility of currently <i>enrolled</i> students for free, reduced price, and paid meals or, develop a new set of claiming percentages based on the eligibility of currently <i>participating</i> students for free, reduced price, and paid meals. Each of these methods, enrolled based and participation based, allow for the use of statistical sampling.
USDA (United States Department of Agriculture)	Federal agency designated by Congress to administer the National School Lunch, School Breakfast, Special Milk Programs, After School Care Snack, and Summer Food Programs.
Verification	Confirmation of eligibility for free and reduced price meals under the National School Lunch or School Breakfast Program. Verification <i>must</i> include either confirmation of income eligibility or confirmation that the child is included in a currently certified Food Stamp/FDPI R household or CA unit. At State or local discretion, verification may also include confirmation of any other information on the application, which is required as a condition of eligibility.

Appendix B - What is Provision 1?

Overview

In schools where at least 80 percent of the children enrolled are eligible for free or reduced price meals, annual notification of program availability and certification of children eligible for *free* meals may be reduced to once every 2 consecutive school years. All other households must be provided a meal application and are allowed to apply for meal benefits each school year. There is no requirement to serve meals at no charge to all students. Schools must continue to record daily meal counts to the number of meals served to children by type as the basis for calculating reimbursement claims. Provision 1 has been an option for schools since publication of regulations in 1980.

Determining Eligibility

For information on eligibility determinations, see the Free and Reduced Price Policy Handbook, www.ade.az.gov/health-safety/cnp/nslp.

Meal Counts and Reimbursement

During both base year and non-base years, SFAs must determine the actual number of meals served to all children by category at the point of service. Daily edit checks must be conducted of meal counts as usual. All schools under the SFA consolidate this information and submit with the monthly reimbursement claim.

Retaining Records

You must retain base year documents for five years after the establishment of a new base year, or longer if required for audit reasons. You can return to the standard method of certification and meal counting after the base year if needed.

Advantages	Disadvantages
Reduced burden for households eligible for free meal benefits	Annual approval of applications for students eligible for reduced-price meals
Simplified eligibility determinations for households eligible for free meal benefits in non-base years	Annual verification of households eligible for reduced-price meal benefits
Collecting applications every second year	Annual meal counts by category at the point of service.

Appendix C – Special Assistance Application

Arizona Department of Education Child Nutrition Program Application for Special Assistance

Please review the Special Assistance Guidance Manual. After reviewing the Manual, if you would like to apply for the Special Assistance Program, please complete this application. Once completed, submit the application to your specialist at the Department of Education, Child Nutrition Programs for review. **Please note that this application is not approved until you receive an official letter of approval from this department.**

Sponsor Name:	CTD#
Contact/Title:	Phone #:

1. Indicate the Special Assistance option you are interested in: Provision 1, Provision 2 or Provision 3.

2. Indicate number of sites that you want to enroll in the Special Assistance Program: _____

Please list those sites. If more space is needed, you may duplicate the table and attach it to this page.

If you are already on Special Assistance and are adding sites, complete this chart and sign the application.

NAME OF SCHOOL	BASE YEAR	BREAKFAST (B), LUNCH (L), OR BOTH (BL)

3. You must have an acceptable certification/benefit issuance system and meal counting/claiming system, as evidenced in a successful administrative review within the last year. Since the last review, has there been any change in the Food Service Director or in the meal counting and claiming system? Y____N____

4. A sponsor may not supplement its meal service operation with any federal funds other than USDA reimbursement, BIA funds and any other source earmarked for meal service. Is this requirement understood? Y____N____

5. You must have a representative attend the Special Assistance training during the base year and in the first non-base year. Is this requirement understood? Y____N____

6. Have you read and understood the requirements of Special Assistance (see handbook)? Y____N____

I CERTIFY that the information in this application is true, and that I agree to carry out the terms of the agreement to operate the Special Assistance Program. I understand that this information is given in connection with the receipt of federal funds and that deliberate misinterpretation may be subject to prosecution under applicable federal statutes.

Print name (authorized signatory) _____

Signature: _____ Date: _____

FOR OFFICE USE ONLY

Date of Last Review _____ Passed Y____N____

Approved: Y____N____ Original Base Year _____ Provision _____

Approving Specialist _____ Date _____

Additional information/comments: (Specialist, please sign and date) _____

Base Year _____ Next Base Year _____

Appendix D - Parent Letter - Nonpricing School Meal Program

Dear Parent/Guardian:

We are pleased to inform you that all children attending _____ will receive meals at no charge during school year _____, unless otherwise notified. Providing meals to children is a growing challenge and requires our taking advantage of all available funding resources. One of these resources is the reimbursement program for free and reduced-price meal benefits from the United States Department of Agriculture (USDA).

So that we can keep our costs low and provide excellent food service for children, we need some information for USDA reimbursement purposes. Your cooperation is appreciated. If your household income is at or below the level shown on the enclosed scale, please answer all questions on the attached income application form. An income application which does not contain the requested information cannot be processed by the school.

If you are receiving food stamps, Cash Assistance (CA) or Food Distribution Program on Indian Reservations (FDPIR) benefits and have received the *Free Meals Program Letter*, bring the letter to the school and do not complete the income application. If you did not receive a *Free Meals Program Letter*, the completion of an application is appreciated.

INCOME CHART			
Effective from July 1, 2003 to June 30, 2004			
Household Size	Annual	Month	Week
1	\$16,613		\$1,385
2	22,422		1,869
3	28,231		2,353
4	34,040		2,837
5	39,849		3,321
6	45,658		3,805
7	51,467		4,289
8	57,276		4,773
For each additional family member add	+5,809		+485
			+112

OTHER INFORMATION:

- VERIFICATION: Your eligibility may be checked by school officials at any time during the school year. You may be asked to submit information to support what was reported on the application.
- REPORTING CHANGES: You must tell the school if your household size decreases or income increases by more than \$50 per month or \$600 per year. If your child receives FDPIR, CA or food stamp benefits, you must advise the school if you no longer get these benefits for your child.
- CONFIDENTIALITY: The information you give on the application will be used only for purposes of the meal program.
- CHILDREN WITH DISABILITIES: If a child has been determined by a doctor to be handicapped and the handicap would prevent the child from eating the regular school meal, this school will make any substitutions prescribed by the doctor. If a substitution is needed, there will be no extra charge for the meal. If you believe your child needs substitutions because of a handicap, please contact us for further information.

In the operation of the child feeding programs, no child will be discriminated against because of race, sex, color, national origin, age or handicap. If you believe you have been discriminated against, write to the Secretary of Agriculture, Washington, D.C. 20250.

Application will be determined by _____
(Name/Title of Determining Official)

Appendix E -Parent Letter Pricing School Meal Program

Dear Parent/Guardian:

The _____ School/District takes part in the National School Lunch and/or Breakfast Program. Meals are served every school day. Children may buy lunch for _____ and breakfast for _____. Meals are also available free or at a reduced price. A child may be eligible for free or reduced-price meals if they are from households receiving Food Stamps, Cash Assistance (CA), Food Distribution Program on Indian Reservations (FDPIR), or have a total household income at or below the amounts on the income chart. The cost of a reduced-price meal is _____ for lunch and _____ for breakfast. Foster children may be eligible for benefits regardless of your income. Please follow the instructions below to apply.

INCOME CHART

Effective from July 1, 2003 to June 30, 2004

Household Size	Annual	Month	Week
1.....	\$16,613	\$1,385	\$320
2.....	22,422	1,869	432
3.....	28,231	2,353	543
4.....	34,040	2,837	655
5.....	39,849	3,321	767
6.....	45,658	3,805	879
7.....	51,467	4,289	990
8.....	57,276	4,773	1,102
For each additional family member add	+5,809.....	+485	+112

HOW TO APPLY

FOOD STAMP, CA, OR FDPIR HOUSEHOLDS: If you are receiving food stamps, CA or FDPIR benefits and have received the *Free Meals Program Letter*, send or bring the form to the school. **Do not** complete the income application since the children listed on the form will automatically qualify for free meals. If you do not receive a *Free Meals Program Letter*, fill in the income application with your child(ren)'s name, food stamp, CA or FDPIR case number and the signature of an adult household member. You will be notified of approval or denial.

ALL OTHER HOUSEHOLDS: If your household income is at or below the level shown on the scale above, your child may be eligible for either free or reduced-price meals. Fill in the application with the names of everyone in the household, the amount and frequency of income received by each member, source of income, signature of an adult household member and their social security number or the word *NONE*. You will be notified when the application is approved or denied.

♦ **VERIFICATION:** Your eligibility may be checked by school officials at any time during the school year. You may be asked to send information to prove that your child should get free or reduced-price meals.

♦ **FAIR HEARING:** If you do not agree with the school's decision on your application or the results of verification, you may wish to discuss it with the school. You also have the right to a fair hearing. You can do this by contacting the following official:

Name _____ Phone _____ Address _____

♦ **REPORTING CHANGES:** If your child receives meals based on income information, you must tell the school if your household size decreases or your income increases by more than \$50 per month or \$600 per year. If your child receives meals based on FDPIR, CA or food stamp information, you must advise the school if you no longer receive these benefits.

♦ **CONFIDENTIALITY:** The information you give on the application will be used only to allow your child to receive free or reduced-price meals and to verify eligibility.

♦ **REAPPLICATION:** You may apply for free and reduced-price meals at any time during the school year. If you are not eligible now but later have a change in income, household size, and employment status or begin receiving food stamps, CA or FDPIR for your child, complete and submit another application.

♦ **CHILDREN WITH DISABILITIES:** If a child has been determined by a doctor to be handicapped and the handicap would prevent the child from eating the regular school meal, this school will make any substitutions prescribed by the doctor. If a substitution is needed there will be no extra charge for the meal. If you believe your child needs substitutions because of a handicap, please contact us for further information.

In the operation of the child feeding programs, no child will be discriminated against because of race, sex, color, national origin, age or handicap. If you believe you have been discriminated against, write to the Secretary of Agriculture, Washington, D.C. 20250.

Applications will be determined by

(Name/Title of Determining Official)

Appendix F - Application for Free and Reduced-Price Meals

School Name _____
To apply for free or reduced-price meals for your child(ren), carefully COMPLETE, SIGN and RETURN this form to school. If you need help with this form, please call _____.

Part 1	Complete this part for children ATTENDING this School/District but are NOT included in a Food Stamp, CA or FDIPIR Case. (Go to Part 3)			
	Child's Name	Name of School	Grade	Teacher
	1. _____	_____	_____	_____
	2. _____	_____	_____	_____
	3. _____	_____	_____	_____
	4. _____	_____	_____	_____

Part 2	Complete this Part for children attending this School/District now receiving Food Stamp, CA or FDIPIR benefits. (Go to Part 5)			
	1. Food Stamp Case #: _____ CA Case #: _____ FDIPIR Case #: _____			
	Child's Name	Name of School	Grade	Teacher
	1. _____	_____	_____	_____
	2. _____	_____	_____	_____
	3. _____	_____	_____	_____
	4. _____	_____	_____	_____

Part 3 If you listed any children in Part 1, you MUST complete this Part **AND** Part 5. DO NOT complete this section if you receive *Food Stamps, CA or FDIPIR* benefits – continue to Part 5.

HOUSEHOLD MEMBERS: List the names of everyone living in your household. **INCLUDE YOURSELF, OTHER ADULTS AND CHILDREN.** DO NOT INCLUDE CHILDREN LISTED IN PART 1, UNLESS THEY RECEIVE A REGULAR INCOME.

MONTHLY INCOME: Write the amount of monthly income and its source each person now gets on the same line as their name. List GROSS income BEFORE deductions for taxes, social security, etc.

Name	Write The Total Number of People In Your Household	Monthly Earnings from Work (Before Deductions) Include all jobs	Monthly Welfare Payments Received, Child Support, CA & Alimony	Monthly Income from Pensions, Retirement and Social Security	Monthly Income from ALL OTHER sources of Income	No Income Here
		\$	\$	\$	\$	
		\$	\$	\$	\$	
		\$	\$	\$	\$	
	(include yourself)	\$	\$	\$	\$	
		\$	\$	\$	\$	

Part 4 FOSTER/INSTITUTIONALIZED CHILD: Complete a separate application for each foster/institutionalized child. Write child's personal use income and how often it is received. (Go to Part 5)

Child's Name _____ Grade _____ Monthly Income _____

Part 5	Print Name _____ Address _____ Home Telephone Number _____ Work Telephone Number _____ Signature and Social Security Number of adult household member who signs this form; or check the box below if this person does NOT possess a Social Security Number: _____ Signature	I hereby certify that all of the above information is true and that all income is reported. I understand that this information is being given in connection with the receipt of Federal funds; that the institution officials may verify this information; and that deliberate misrepresentation may subject me to prosecution under applicable State and Federal criminal statutes. _____ Social Security Number If you DO NOT have a SS# - Here	_____ Date
---------------	---	--	---------------

Eligibility Total Household Size: _____ Total Monthly Income \$ _____ Food Stamp/CA/FDPIR _____	<div style="text-align: right;">Office Use Only</div> Eligibility Determination <input type="checkbox"/> Approved free <input type="checkbox"/> Approved Reduced <input type="checkbox"/> Denied (Reason) _____ <input type="checkbox"/> Temporary Approval Until _____ Date Approved _____ Date Notice Sent _____ Signature of Determining Official _____
---	---

Section 9 of the National School Lunch Act requires that, unless your children's Food Stamp, CA or FDPIR case number is provided, you must include the social security number of the adult household member signing the application, or an indication that the household member does not have a social security number. Provision of a social security number is not mandatory, but if a social security number is not provided or an indication is not made that the adult household member signing the application does not have one, the application cannot be approved. This notice must be brought to the attention of the household member whose social security number is disclosed. The social security number may be used to identify the household member in carrying out efforts to verify the correctness of information stated on the application. These verification efforts may be carried out through program reviews, audits, and investigations and may include contacting employers to determine income, contacting a food stamp or welfare office to determine current certification for receipt of Food Stamps, CA or FDPIR benefits, contacting the State employment security office to determine the amount of benefits received and checking the documentation produced by the household member to prove the amount of income received. These efforts may result in a loss or reduction of benefits, administrative claims, or legal actions if incorrect information is reported.

Part 6

RACE: Please check the race or ethnic identity of your child. You are not required to answer this question. We need this information to determine if benefits are allocated on a fair basis.

- ☐ Black or African American
- ☐ Asian
- ☐ American Indian or Alaskan Native
- ☐ Native Hawaiian or Other Pacific Islander
- ☐ White
- ☐ Hispanic or Latino

In accordance with Federal law and U.S. Department of Agriculture policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age or disability. To file a complaint or discrimination, write to USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington DC 20250-9410 or call 202-720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

FOR SCHOOL USE ONLY

VERIFICATION

Date Selected for Verification _____
 Response Due from Household _____
 Second Notice Sent _____
 Date Response Received _____

Verification Results:

- ☐ No Change
- ☐ Ineligible
- ☐ Free to Reduced
- ☐ Reduced to Free

Reason for Change:

- ☐ Income
- ☐ Household Size
- ☐ Refused to Cooperate
- ☐ Other _____

Sample Selection: ☐ Random ☐ Focused
 _____ ☐ 100% ☐ Other

<input type="checkbox"/> Food Stamp/CA/FDPIR Eligibility: <input type="checkbox"/> Not Confirmed <input type="checkbox"/> Food Stamp/CA/FDPIR Office <input type="checkbox"/> Notice of Eligibility <input type="checkbox"/> Agency records	<input type="checkbox"/> Monthly Income \$ _____ <input type="checkbox"/> Wage Stubs <input type="checkbox"/> Written Documents <input type="checkbox"/> Collateral Contact <input type="checkbox"/> Other _____	Date Adverse Notice Sent _____ Date of Change _____ Signature of Verifying Official _____ Date _____
---	--	---

MONTHLY INCOME CONVERSION: WEEKLY X 4.33; EVERY TWO WEEKS X 2.15; TWICE A MONTH X 2

Appendix G – Duration of Provision 2 and 3 Record Keeping Requirements

Type of Record	Recordkeeping	Retention	Availability
Base Year			
Socioeconomic data	TANF, FDPIR, direct certification, local zoning, etc., or approved alternate	Cycle, extensions, + 3 years	SFA or school
Eligibility certification	Applications, direct certification, benefit issuance documents	Cycle, extensions, + 3 years	SFA by school, or school
Verification Changes	Changes in eligibility status as a result of verification description	Cycle, extensions, + 3 years	SFA or SA
Meal Counting	Documentation of meal counts, by type.	Cycle, extensions, + 3 years	School
Base Year Reimbursement Claims	Claim forms	Cycle, extensions, + 3 years	SFA
Extensions	Statistical method and all supporting documents; and socioeconomic data source; and extension authorizations	Cycle, extensions, + 3 years	SFA or school
Attendance Area of Each Provision 2 School	Description of area served by school	Cycle, extensions, + 3 years	SFA or school
Calculation of Claiming Percentages	Documentation of calculation of claiming percentages	Cycle, extensions, + 3 years	SFA or school
Non-Base Year			
Reimbursement Claims -- Non-Base Year	Claim forms	Current FY + 3 years	SFA
Meal Counts	Documentation of total reimbursable meal counts by school	Current FY + 3 years	SFA or school

Appendix H – Free and Reduced Price Policy Statement

Policy Statement for Pricing Programs

This policy statement outlines regulations of the United States Department of Agriculture and will be considered a permanent document. This statement applies to the programs in which the sponsor will be participating as indicated on the application and agreement.

The SPONSOR assures the STATE AGENCY that the SPONSOR will implement a policy in conformance with 7 CFR part 245.10 to determine children's eligibility for free and reduced-price benefits (meals and/or milk) in the National School Lunch, School Breakfast and Special Milk Programs under its jurisdiction. In fulfilling its responsibilities, the SPONSOR shall:

1. Provide prescribed benefits free or at a reduced-price to children from families whose income does not exceed DEPARTMENT guidelines or to children from food stamp households, CA or FDPIR assistance units that provide a case number or are directly certified by the Department of Economic Security. NOTE: The SPONSOR has two options if participating in the Special Milk Program: 1) to offer milk *free*, or 2) to *charge* for milk, on a nonprofit basis.
2. Submit annually to the STATE AGENCY, Child Nutrition Programs Unit, copies of the SPONSOR'S Parent Letter (including names of the reviewing officials and hearing official), Income Application, Approval/Denial Notice, Meal Count System Information, the Free and Reduced-Price Document Summary and After School Care Program Information, **if** the SPONSOR is new to the program or if there have been changes to the previously approved forms.
3. If there have been **no changes**, submit the Free and Reduced-Price Document Summary and indicate the options you have selected for the new program year. The Income Application, Approval/Denial Notice and Meal Count System Information shall be deemed part of this policy statement and will be made permanent. Changes to any of the above documents require the approval of the STATE AGENCY, Child Nutrition Programs Unit.
4. Accept applications at any time during the year. If a child transfers from one school to another, under the jurisdiction of the same SPONSOR, eligibility for free or reduced-price benefits will be transferred to and honored by the receiving school. All children from a family which receives the same benefits shall be notified within ten working days of the acceptance or denial of their application. Children shall be served immediately upon the establishment of their eligibility.
5. When an application is rejected, parents or guardians shall be informed in writing of the reason for denial and of the hearing procedures herein provided. Parents shall be notified that they may reapply for free and reduced-price benefits or free milk at any time during the school year. The SPONSOR shall designate as a hearing official someone not involved in the original eligibility determination, preferably someone in a position superior to that of the determining official.
6. Establish a hearing procedure under which: (1) a family may appeal a decision made by the School Food Authority with respect to an application the family has made for free or reduced-price meals or for free milk, and (2) the School Food Authority may challenge the continued eligibility of any child for a free or reduced-price meal or for free milk. The hearing procedure shall provide for both the family and the School Food Authority:
 - a. A simple, publicly announced method to make an oral or written request for a hearing;

- b. An opportunity to be assisted or represented by an attorney or other person;
 - c. An opportunity to examine, prior to and during the hearing, any documents and records presented to support the decision under appeal
 - d. Assurance that the hearing shall be held with reasonable promptness and convenience, and that adequate notice shall be given as to the time and place of the hearing;
 - e. An opportunity to present oral or documentary evidence and arguments supporting a position without undue interference;
 - f. An opportunity to question or refute any testimony or other evidence and to confront and cross-examine any adverse witnesses;
 - g. Assurance that the hearing shall be conducted and the decision made by a hearing official who did not participate in making the decision under appeal or in any previously held conference;
 - h. Assurance that the decision of the hearing official shall be based on the oral and documentary evidence presented at the hearing and made a part of the hearing record;
 - i. Assurance that the parties concerned and any designated representative shall be notified in writing of the decision of the hearing official;
 - j. Assurance that a written record shall be prepared with respect to each hearing, which shall include the challenge or the decision under appeal, any documentary evidence and a summary of any oral testimony presented at the hearing, the decision of the hearing official, including the reasons therefore, and a copy of the notification to the parties concerned of the decision of the hearing official;
 - k. Assurance that the written record of each hearing shall be preserved for a period of five years and shall be available for examination by the parties concerned or their representatives at any reasonable time and place during that period;
 - l. Notice that benefits already ongoing shall be continued until ten working days after a decision has been reached by the hearing official;
 - m. Notice that households that have been approved for benefits and that are subject to a reduction or termination of benefits later in the same school year shall receive continued benefits if they appeal the adverse action within the 10-calendar-day advance notice period; and
 - n. Notice that households that are denied benefits upon application shall not receive benefits.
7. Not segregate or discriminate against any child because of inability to pay the full price. Further assurance is given that:
- a. The names of the children shall not be published, posted, or announced in any manner, unless an approved multi-use application is in use;
 - b. There shall be no overt identification of any of the children by the use of special tokens, tickets, or by any other means;
 - c. The children shall not be required to work for their meals or milk;
 - d. The children shall not be required to use a separate dining area, go through a separate serving line, enter the dining area, or consume their meals or milk at a different time;

- e. When more than one lunch, breakfast, or type of milk is offered which meets the requirements of 7 CFR parts 210.10, 220.8 or 215.2, the children shall have the same choice of meals and/or milk that is available to those children who pay the full price for their meals and/or milk; and
 - f. Children shall not be discriminated against because of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation and marital or family status.
8. Make determinations of eligibility for free or reduced-price benefits specified in 7 CFR part 245. Officials shall use the criteria referred to in this policy for the parent application.
 9. Distribute to each child's parent or guardian a letter announcing eligibility criteria as required in 7 CFR part 245.5(a) and an application form for free or reduced-price benefits at the beginning of each school year and whenever there is a change in eligibility criteria.
 10. Make available the free and reduced-price guidelines and other information contained in the parent letter to local unemployment offices and major employers contemplating large layoffs in the area from which its attendance is drawn as required in 7 CFR part 245.5(a).
 11. Verify approved free and reduced-price applications by December 15 as specified by 7 CFR part 245.6a. Maintain a description of the verification activities as required by CFR part 245.6a 3(c).
 12. Have the opportunity to determine children as eligible for free meals or free milk based on Direct Certification in place of information submitted by the household on the income application. Direct Certification forms must be retrievable by school.
 13. Agree that the STATE AGENCY will submit a public/press release containing both free and reduced-price eligibility guidelines and other information required to be contained in parent letter to news media. The SPONSOR agrees to submit a public/press release to local unemployment offices and major employers contemplating or experiencing layoffs.

Policy Statement for Nonpricing Programs

The SPONSOR warrants and represents that:

1. All children in attendance or residence are being served the same choice of meals and/or milk at no separate charge.
2. The SPONSOR has data on all children claimed for free or reduced-price benefits and assures the STATE AGENCY that each child receiving such benefits meets the prescribed eligibility criteria.
3. A daily count is kept by meal type for all meals and/or milk claimed.

() Special Assistance - Provision 1 Programs, Additional Requirements if applicable

A School Food Authority of a school having at least 80 percent of its enrolled children determined eligible for free and reduced-price meals may, at its option, authorize the school to reduce annual certification and public notification for those children eligible for free meals to once every two consecutive school years. The following requirements shall apply:

1. A School Food Authority of a school operating under Provision 1 requirements shall publicly notify parents of enrolled children who are receiving free meals once every two consecutive

school years, and shall publicly notify parents of all other enrolled children on an annual basis.

2. The 80 percent enrollment eligibility for this alternative shall be based on the school's March enrollment data of the previous school year, or on other comparable data.
3. A School Food Authority of a school operating under Provision 1 shall count the number of free, reduced-price and paid meals served to children in that school as a basis for monthly reimbursement claims.

Special Assistance - Provision 2 Programs, Additional Requirements if applicable

A School Food Authority which oversees a school serving meals free of charge to all enrolled children in that school may publicly notify and certify children for free and reduced-price meals for up to four consecutive school years, provided that eligibility determinations shall be in accordance with 7 CFR part 245.3 during the first school year. The following requirements shall apply:

1. Except for assistance properly made available under parts 210, 220, 240, 250, the Indian Child Welfare Act 95-608, and by other legislation, a School Food Authority of a school operating under Provision 2 requirements agrees to pay with funds from other than federal sources for:
 - a. Meals served to children not eligible for free or reduced-price meals; and
 - b. The differential between the per-meal cost and federal reimbursement received for each free or reduced-price meal, respectively, served to children eligible to receive such meals under applicable program regulations.
2. In the first year, schools must take daily counts each month of the number of meals served by meal type (free, reduced-price, and paid) and convert the number of each meal type to a percentage of total meals served for the month. The percentages are derived by dividing the monthly total number of meals served by one meal type (e.g. free) by the total number of meals served the same month for all meal types (free, reduced-price, and paid).
3. For the purpose of calculating reimbursement claims, for the second, third, and fourth school years, the three percentages, calculated at the end of each month of the first school year (base year), shall be multiplied by corresponding monthly meal totals of all meal types (free, reduced-price and paid meals).
4. Eligibility determinations from the base year must be maintained for as many years as necessary to substantiate claims for reimbursement in the applicable Provision 2 cycle, including any extensions of that cycle.

() Special Assistance - Provision 3 Programs, Additional Requirements if applicable

A School Food Authority which oversees a school serving meals free of charge to all enrolled children may publicly notify and certify children for free and reduced-price meals for up to five consecutive school years, provided that eligibility determinations shall be in accordance with 7 CFR part 245.3 during the first school year. The following requirements shall apply:

1. Except for assistance properly made available under parts 210, 220, 240, 250, the Indian Child Welfare Act 95-608, and by other legislation, a School Food Authority of a school

operating under Provision 3 requirements agrees, after the first year, to pay with funds from other than federal sources for:

- a. Meals served to children not eligible for free or reduced-price meals; and
 - b. The differential between the per-meal cost and federal reimbursement received for each free or reduced-price meal, respectively, served to children eligible to receive such meals under applicable program regulations.
2. Reimbursement in the four years following the first year (base year) will be determined by taking the prior year's reimbursement and adjusting for changes in enrollment and inflation. Meal counts are not required to be taken during these years. Enrollment change must be based on the school's enrollment on October 31 annually.
 3. Eligibility determinations from the base year must be maintained for as many years as necessary to substantiate claims for reimbursement in the applicable Provision 3 cycle, including any extensions of that cycle.

(Print or Type Name and Title)

(Authorized Signature)

(Sponsor/School)

(Date)